In the Supreme Court

OF THE

United States

OCTOBER TERM, 1941

No. 632

TOMLINSON J. MOSELEY, RALPH H. KEELE and KEELEMO CO. (a corporation),
Petitioners,

vs.

UNITED STATES APPLIANCE CORPORATION,
Respondent.

BRIEF FOR RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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Respondent opposes the granting of the Petition for Writ of Certiorari, and submits that the Petition fails to set forth circumstances or facts warranting a review by this Court.

ANALYSIS OF PETITIONERS' REASONS FOR WRIT OF CERTIORARI.

On pages 10 and 11 of the Petition, four reasons or points are set forth for allowance of the writ. The third and fourth points are clearly dependent upon the first two. All of the reasons stated can be condensed into two contentions which can be concisely set forth as follows:

(1) Petitioners contend that the decision of the Circuit Court of Appeals is in conflict with the decision of this Court in *Westinghouse Electric and Manufacturing Company v. Formica Insulation Company,* 266 U. S. 342, in the way in which the doctrine of estoppel was applied to hold the patent valid and infringed as to Petitioners.

(2) Petitioners contend that in its application of the rule of estoppel and in its holding of infringement, the Circuit Court of Appeals broadened the scope of the rule of estoppel as set forth in *Westinghouse Co. v. Formica Co.* (supra) against patent assignors and those in privity with them.

Petitioners base their above reasons largely on the fact that the device held to be an infringement is not precisely the same as the device shown in the patent in suit, and the patent was held invalid to parties not estopped.

REVIEW OF THE DECISION OF THE CIRCUIT COURT OF APPEALS.

The opinion of the Circuit Court of Appeals is simple and understandable (Rec. pp. 866-872, incl.,

reported in 121 Fed. (2d) 149). The trial Court held that the patent in suit was not infringed, but made no ruling on validity. The Circuit Court of Appeals recognized error in the trial Court's decision, and held that upon the facts as shown by the record, and after considering the state of the prior art, the patent in suit was infringed, and that Petitioners were estopped to deny validity. With respect to the Appellant, Beauty Shop Supply Co., Inc. (not a Petitioner), the Circuit Court of Appeals held that the doctrine of estoppel did not apply, and that the patent in suit was invalid to that defendant.

THE PATENTED DEVICE AND THE DEVICE HELD TO INFRINGE.

It is helpful to compare the device of the patent in suit, referred to as the "Pyro-Mist" device (Rec. p. 577, see "J"; p. 534, Figs. 1 to 6; Plaintiff's Ex. 17-N, introduced, Rec. p. 95) with the device held to be an infringement, referred to as the "Koolerwave" device (Rec. p. 577, see "22"; p. 576 B, Fig. 4; Plaintiff's Ex. 4-B, introduced Rec. p. 90). There are striking similarities between these devices, including similarities in construction, mode of operation and results accomplished (Rec. p. 120 to 126, incl.). As pointed out in the patent in suit (Rec. pp. 533 to 540, incl.), in forming so-called permanent hair waves, strands of hair are wound upon curling rods, some chemical solution is applied to soften the hair, and then the wound hair is heated to an elevated temperature to give a permanent effect to the wave. The "Pyro-Mist" de-

vice as described in the patent (Rec. p. 534, Figures 1-6, incl.) is a device for heating the wound hair. The patent specification acknowledges certain prior art devices for heating the wound hair, including electrical heaters adapted to be clipped over the hair, and metal boxes made of hinged parts for enclosing the hair and into which steam is introduced. Disadvantages for the prior art steam boxes are pointed out (Rec. p. 537, lines 25-35, incl. first column).

The patent specification also describes the objects of the invention as follows (Rec. p. 537, lines 36-47, first column):

> "It is an object of the present invention to provide an improved hair waving apparatus of the type last described, that is, an apparatus which imparts heat to the wound hair by applying steam or like fluid. The invention is characterized by a simple and effective jacket and a holder for the same which serve to apply steam to the wound hair, which can be readily manipulated by an operator without danger or discomfort to the subject, and which are well adapted for use with prevailing types of curlers and protectors."

The form of the patented device shown in the patent (Rec. p. 534, Figs. 1-6, incl.) is a jacket formed of a single piece of resilient rubber, the edges of which are attached by means of rubber buttons to a spring clip type of holder. These devices are used in conjunction with so-called croquignole protectors and curlers (Rec. p. 538, lines 4-26, incl., second column). The protector is a form of clamp which is applied to a flat strand of hair near the head. The strand of hair is then wound

upon the curler, after which the curler is disposed upon the protector. Then the patented device is applied over the curler to form an enclosed space about the curler for receiving steam.

The specification of the patent in suit does not limit the invention to any particular source of steam for use with the device. However, it states that steam can be introduced from an external boiler through a tube (Fig. 1 of the patent, Rec. p. 534) coupled to a nipple 26 (Rec. p. 538, lines 4-26, incl., column 2).

Comparing the Pyro-Mist device of the patent in suit with Petitioners' Koolerwave device, the latter is also used for carrying out the same heating operation in permanent hair waving, and is applied over a curler in the same manner as the Pyro-Mist device of the patent in suit. It uses the same combination of a jacket formed of a single piece of resilient rubber detachably secured to a holder. After the Koolerwave device is applied over a curler, steam is introduced into the space formed by the rubber jacket to heat the hair (Rec. p. 592, line 25, column 2 to p. 593, line 34, column 1).

As pointed out by the opinion of the Circuit Court of Appeals (Rec. pp. 866-872, incl.), the principal difference between the patented "Pyro-Mist" device and the infringing Koolerwave device is that in using the latter, steam is generated by a chemical cartridge which is dipped in water and introduced into a small recess or compartment within the jacket, before the device is applied to a curler. Water absorbed by this cartridge causes a chemical exothermic reaction, and

the heat thus generated boils water to form steam, and the steam then passes around the wound hair. There is ample evidence of record that the steam as it is generated flows through an opening connecting the jacket compartment with the main part of the jacket (the part which encloses the wound hair) (Rec. pp. 121-122). There is also evidence that the opening in the Koolerwave device corresponds to the opening in the Pyro-Mist jacket for introducing steam (Rec. pp. 121-122). Also, there is evidence that when using the Koolerwave device, steam is discharged from the ends of the jacket, corresponding to discharge of steam from one of the two nipples 16, in the form of the device shown by the patent in suit (Rec. p. 118). The Koolerwave device can be used with a separate steam boiler, the same as the patented device, simply by providing an opening for connection with a steam conveying tube (Rec. p. 122).

Essentially, therefore, each of the Koolerwave devices held to be an infringement makes use of an individual vaporizer or steam boiler for generating the steam which heats the wound hair, while the embodiments shown in the patent in suit were described as (but not limited to) using a single boiler for supplying steam to a number of such devices.

PETITIONERS' CONTENTIONS ON ESTOPPEL AND INFRINGEMENT.

Petitioners charge that the Circuit Court of Appeals erred in its holding on infringement, and they contend

that the patent in suit should be restricted to the precise design of apparatus illustrated in the patent and described in the specification, because the patent was held to be invalid to third parties.

In other words, Petitioners would urge upon this Court the proposition that when a patent is held invalid with respect to third parties, all principles of equity in the interpretation of the patent must be disregarded between the owner of the patent and one estopped to deny validity, and the patent must be emasculated to the point of covering only the bare preferred embodiment which it discloses. It is submitted that such a proposed principle is clearly in error, because it completely disregards all principles of equity.

The doctrine of estoppel by grant as applied in patent cases is based upon equity. This is made clear by the decision of this Court in *Westinghouse Co. v. Formica Co.* (supra), where this Court stated (at page 350):

> "* * * If one lawfully conveys to another a patented right to exclude the public from the making, using, and vending of an invention, fair dealing should prevent him from derogating from the title he has assigned, just as it estops a grantor of a deed of land from impeaching the effect of his solemn act as against his grantee. The grantor purports to convey the right to exclude others, in the one instance, from a defined tract of land, and, in the other, from a described and limited field of the useful arts. The difference between the two cases is only the practical one of

fixing exactly what is the subject-matter conveyed."

In the present instance, the Circuit Court of Appeals recognized equities in favor of the patent owner, irrespective of invalidity as to third parties, and in effect has held that the Petitioners have derogated from the represented subject matter of the patent grant, which was assigned by one of the Petitioners (Ralph M. Keele) to the Respondent United States Appliance Corporation.

A CONSIDERATION OF THE COURT'S HOLDING ON INFRINGEMENT.

No reason can be seen for disturbing the holding of the Circuit Court of Appeals on infringement. A large mass of evidence was taken during trial of the case and was before the Circuit Court of Appeals, including the statements of experts, prior art, and facts with respect to similarities and differences in construction and mode of operation. After weighing all of this evidence, the Circuit Court of Appeals has held that the patent in suit is infringed by the Koolerwave device.

A finding by a Circuit Court of Appeals on the question of infringement should not ordinarily be disturbed by this Court. Certainly in this case, as in all patent cases, it is permissible for the Court to exercise its judgment on infringement with reasonable latitude, to take into account the equities of the parties.

All of the differences now urged by the Petitioners were clearly recognized by the Circuit Court of Appeals, and it was held that such differences were not material.

THE INTERPRETATION OF THE PATENT CLAIMS BY THE CIRCUIT COURT OF APPEALS.

At several points, the Petitioners have attacked the holding of the Circuit Court of Appeals on the question of infringement by stating that the patent in suit was broadly construed by the decision against the stopped parties, and in such a manner as to include a subsequent device which would be inoperative for its purpose if made in accordance with the teaching of the patent in suit, and which patent does not disclose a device capable of, or contemplating, the use or functions of the subsequent device. This contention is unwarranted, and is not supported either by the evidence on infringement or the opinion of the Circuit Court of Appeals.

The Court in its opinion clearly points out that the claims are of narrow scope and are directed to a structure such as is incorporated in the Koolerwave device. Thus, it was not necessary for the Court to interpret the claims broadly to find infringement. In this connection, the Court stated as follows (Rec. p. 871):

> "The claims in suit are so narrowed by their terms that they apply only to the use of resilient rubber to form the jacket within the holder. The defendant uses such rubber in its jacket * * *."

Recognition by the Circuit Court of Appeals that differences might exist between the Plaintiff's and Defendants' devices with respect to precise construction and mode of generating steam, does not of itself warrant the contention that the Circuit Court of Appeals has given a broad construction to the patent in suit. This is particularly true where, as in the present instance, the Circuit Court of Appeals clearly points out in its opinion that the claims in suit are not concerned with the specific source of steam employed (Rec. p. 872).

Petitioners' contentions concerning inoperativeness of the infringing device if made in accordance with the patent disclosure, and inability of the device of the patent to accomplish the results of the device in the form shown in the patent, are intended to exaggerate the differences pointed out above, and ignore the primary and important similarities in construction, operation and results. It is obvious that the shape of the rubber jacket must be changed from that shown in the patent, when the device is used with a chemical cartridge. Also, it is possible to use a Koolerwave device with an external steam boiler (Rec. pp. 133-134, 163-164).

Petitioners call attention to statements in the Circuit Court's opinion concerning absence of openings in the infringing Koolerwave device, for inflow of steam. This had reference to openings to the exterior of the jacket like the nipples on the device shown in the patent (Rec. p. 534, Fig. 1, nipple 26). The evidence

of record shows that the Koolerwave device does have a corresponding opening for flow of steam from the compartment (which holds the steam generating cartridge) into the space surrounding the hair (Rec. pp. 121, 122). Thus, there is no elimination of an opening as argued on pages 19 and 20 of Petitioners' Brief.

Also, Petitioners state (Petition for Writ, p. 3) that the Koolerwave device has no opening for discharge of steam. This is directly contrary to the testimony of Petitioners' expert (Rec. pp. 340, 347), who stated that in using the Koolerwave device a small steam pressure was built up in the jacket and that some steam discharges from the ends of the curler, and which testimony was confirmed by Respondent's expert (Rec. p. 118).

THE DECISION OF THE CIRCUIT COURT OF APPEALS IS NOT IN CONFLICT WITH OR AN EXTENSION OF WESTINGHOUSE CO. v. FORMICA CO.

As previously stated, it is incorrect to contend that the Circuit Court of Appeals has given a broad interpretation to the claims of the patent in suit. Furthermore the decision of *Westinghouse Co. v. Formica Co.* (supra) does not and was not intended to prohibit some latitude with respect to the scope of a patent, depending upon the facts of the case, where the patent is being urged against an estopped party, but is held void with respect to others.

Prior to the decision of this Court in *Westinghouse Co. v. Formica Co.* (supra), the law was uncertain

with respect to the defenses available to an estopped party, as for example a grantor of a patent, where the estopped party was being charged with infringement. This Court in the *Westinghouse* case held that such an estopped party was entitled to show the state of the prior art in order to show lack of infringement of the patent claims.

In *Westinghouse Co. v. Formica Co.* (supra), the patent claim defined a process for making sheets of insulating material, and the procedure described in the patent involved a first step in which several sheets of paper or fibrous material, impregnated with bakelite, were heated and compressed together, and a second step in which the composite sheet as formed in the first step was baked in an oven. The estopped defendant was using a one step process involving simultaneous use of both pressure and heat, without the second baking step. He offered evidence to show that it was old in the art to use a one step process. This Court simply held that upon a showing of such evidence, the defendant did not infringe the patent, even though estopped to deny validity.

In the present instance, Petitioners failed to justify their acts by the disclosures of the prior art. In other words, they failed to show any prior art in existence at the time the estoppel arose which justifies their appropriation of the features described in the patent specification and defined by the patent claims, as found by the Circuit Court of Appeals.

It is true that considerable prior art was urged against the patent, as referred to in the opinion of

the Circuit Court of Appeals. However, the Circuit Court of Appeals recognized that if the defendants had followed the teachings of the prior art, their device would not have included the patented combination of a one piece jacket formed entirely of resilient rubber detachably secured to a holder, and adapted to be clipped over a hair curler to form a space for receiving steam. Petitioners chose to appropriate the patented combination covered by the claims in suit, instead of following the teachings of the prior art. This is because the prior art failed to show a device as defined by the patent claims, consisting of a jacket formed entirely of resilient rubber and a holder detachably secured to the jacket, the complete device being adapted to clip over a curler to form a space about the wound hair for receiving steam.

In considering the way in which the Circuit Court of Appeals applied the prior art, it is pertinent to briefly review some of the evidence showing what the patent was intended to cover, facts as shown by the record of the case concerning prosecution and issuance of the patent in suit, the character of prior art cited by the Examiner during prosecution, and the character of the prior art relied upon by the Petitioners in the trial Court and in the Circuit Court of Appeals.

A perusal of the complete file wrapper of the patent in suit (Rec. pp. 827-861, incl.) reveals that during prosecution before the Patent Office Examiner, the feature of using a jacket made entirely of resilient rubber, and detachably secured to a holder, was con-

sidered as an important feature of the application, and was strongly urged for the allowance of claims.

The prior art cited by the Patent Office Examiner during prosecution of the patent in suit (Rec. pp. 846, 852), namely Platel 1,810,678 (Rec. p. 645), McEwen 1,938,188 (Rec. p. 619), Shelton 1,790,879 (Rec. p. 769), Shelton 1,756,837 (Rec. p. 765), and Shelton 1,831,827 (Rec. p. 778), were also urged in the trial Court and before the Circuit Court of Appeals as warranting a holding of no infringement. The Patent Office allowed claims over the showing of this prior art. Respondent's expert, during trial of the case before the District Court, was unable to point out any additional prior art more pertinent than that cited by the Patent Office (Rec. pp. 393-399, incl.).

In view of the above, it is incorrect for Petitioners to contend that the prior art showing made before the trial Court and before the Circuit Court of Appeals entitles them to license, manufacture, sell and use the Koolerwave device, making use of a one-piece jacket formed entirely of resilient rubber detachably secured to a holder, in spite of the fact that Petitioners are estopped, by principles of equity, from contesting validity of the patent. Clearly, the Petitioners desire to directly derogate from the patented subject matter, which was clearly assigned to Respondent, and which was not shown in the prior art.

This Court in *Westinghouse Co. v. Formica Co.* (supra), recognized that prior art cannot be used to defeat the patent grant as between the patent owner and a grantor. Thus, the Court stated (at page 351):

"* * * Of course, the state of the art cannot be used to destroy the patent and defeat the grant, because the assignor is estopped to do this. But the state of the art may be used to construe and narrow the claims of the patent, conceding their validity. The distinction may be a nice one, but seems to be workable. * * *"

PETITIONERS ARE ESTOPPED BY CONDUCT.

Petitioners assume throughout their Petition that the only estoppel present in this case is estoppel by deed or grant. This is incorrect. There is also ample evidence to establish estoppel by conduct. Before executing the assignment of the patent in suit (Plaintiff's Ex. 24-U, Rec. p. 574, introduced at p. 97), the Petitioner Ralph M. Keele (inventor named in the patent in suit) entered into an agreement with Respondent United States Appliance Corporation, dated February 9, 1934 (Rec. pp. 553-558).* This agreement covered the invention later incorporated in the patent in suit (United States Letters Patent 1,984,585, Rec. pp. 533-539). The second preamble paragraph of this agreement reads as follows (Rec. pp. 552, 553):

"Witnesseth:

Whereas, Keele has invented an improved apparatus and/or method for the permanent waving of hair, characterized particularly by the use of steam as a source of heat and by rubber steam

*This agreement was made before filing the application and was attached to and made a part of a later agreement dated July 24, 1935 (Plaintiff's Ex. 13-J, Rec. pp. 548-561, introduced Rec. p. 93), which specifically identified the application now issued as the patent in suit.

jackets enclosing the wound hair, in place of conventional electrical heaters; and"

The application on which the patent was granted was filed March 10, 1934 and was formally assigned by an instrument Exhibit 24-U (supra) executed March 3, 1934, this being the date of execution of the patent application.

The record also shows that during preparation of the application forming the patent in suit, the Petitioner Ralph M. Keele pointed out that it would be advisable to try to cover the use of a one-piece resilient jacket (Rec. p. 436).

In view of the above, it is clear that the Petitioner Ralph M. Keele made specific representations with respect to the nature of his invention before dealing with the Respondent United States Appliance Corporation, and that these representations were specifically to the effect that the invention was characterized by use of steam as a source of heat, and by the use of rubber steam jackets enclosing the wound hair. Therefore, the Court's decision may be justified solely upon estoppel by conduct, instead of estoppel arising from deed or grant. *Buckingham Products Co. v. McAleer Mfg. Co.,* 108 Fed. (2d) 192, C. C. A. 6; 1939.

In the *Westinghouse Co. v. Formica Co.* (supra) case this Court recognized that estoppel by conduct may be applied to enforce a patent.

THE DECISION IS IN ACCORD WITH PRIOR DECISIONS OF THE FEDERAL COURTS.

With respect to the fact that the Circuit Court of Appeals held the patent invalid to parties not estopped, but valid and infringed with respect to estopped parties, this case is similar to *American Machinery Co., Inc. et al. v. Everedy Machine Co., et al.*, 35 Fed. (2d) 526 (D. C. E. D. Penn. 1929). The Court in that instance held the patent in suit valid and infringed with respect to an estopped defendant, but invalid with respect to a defendant not estopped to deny validity. The opinion of the Court discusses various structural differences between the patented device and the device held to be an infringement. A similar result was arrived at in *Buckingham Products Co. v. McAleer Mfg. Co.* (supra), by applying estoppel by conduct.

THE DECISION DOES NOT VIOLATE CONSTITUTIONAL RIGHTS OF PETITIONERS.

With respect to the charge that the decision deprives Petitioners of their constitutional privileges, this is without merit. Petitioners are free to practice the prior art. The fact that the decision prevents them from using certain structures which the public may use without infringement, is due to circumstances and conduct for which they are responsible and which raise estoppel in favor of Respondent.

SUMMARY.

It is submitted that the Petition should be denied because of the following:

1. The decision of the Circuit Court of Appeals on infringement was arrived at after consideration of all of the evidence of record, together with the state of the prior art, and facts raising estoppel against the Petitioners.

2. In its application of the doctrine of estoppel, the decision of the Circuit Court of Appeals is not in conflict with, nor has it extended the doctrine of *Westinghouse Co. v. Formica Co.* (supra).

3. The evidence of record shows that the Petitioners are estopped both by deed or grant, and by conduct, and the decision of the Circuit Court of Appeals is based on principles of equity, and does not affect the interest of the public.

4. The decision of the Circuit Court of Appeals is in accord with prior decisions of the Federal Courts.

5. No constitutional rights of the Petitioners are being violated.

Dated, San Francisco, California,
October 15, 1941.

Respectfully submitted,
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